Queensland Airports LIMITED

Productivity Commission

Inquiry into the Economic Regulation of Airport Services

Submission by Queensland Airports Limited

June 2011

1. INTRODUCTION

Queensland Airports Limited (QAL) owns Gold Coast Airport Pty Ltd, Mount Isa Airport Pty Ltd and Townsville Airport Pty Ltd, the airport lessee companies for the respective airports. QAL owns Aviation Ground Handling Pty Ltd (AGH) which has ground handling contracts for airlines at Gold Coast, Sunshine Coast, Gladstone, Rockhampton, Mackay and Townsville Airports and Worland Aviation Pty Ltd, an aircraft maintenance, repair and overhaul company based in the Northern Australian Aerospace Centre of Excellence at Townsville Airport.

QAL specialises in providing services and facilities at regional airports in Australia and is a 100% Australian owned company. The majority of its shares are held by fund managers on behalf of Australian investors such as superannuation funds.

2. PRODUCTIVITY COMMISSION INQUIRY RESPONSE

QAL makes this submission to the Productivity Commission Inquiry as an investor/operator whose airports have experienced little or no formal pricing or quality of service regulation over the last decade. We feel our experience demonstrates that this light handed regulatory environment has been instrumental in generating significant community and shareholder benefits. In this submission we seek to illustrate where our experience in this environment has been effective in achieving the Government's desired outcomes in;

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- Promoting the economically efficient operation and investment in airports and related industries
- Facilitating commercially negotiated outcomes in airport operations
- Minimising unnecessary compliance costs. "

3. THE ECONOMIC REGULATORY REGIME

Price monitoring

Is there evidence that the price monitored airports have increased charges by more than could be justified on the basis of costs, new investment requirements, and/or other enhancements to service quality? What is the ability of airports to vary prices year on year given many have long term contracts with airlines? Is price monitoring providing a constraint on aeronautical charges at the major airports?

QAL's responses to these questions are framed on the basis of a group of regional airports that have operated free from any regulatory constraints for nearly a decade. As it stands at present Gold Coast Airport is now subjected to the second tier self-administered price and quality of service monitoring regime whilst Townsville and Mount Isa Airports are free from such instruments.

With the exception of one airline, all three airport management teams have negotiated long term commercial agreements with all major airlines. Typically such agreements cover periods from five to ten years. All of these agreements have been finalised to the satisfaction of all parties in the absence of regulatory framework including price monitoring. Under these agreements the airports have little scope to vary prices unless additional capital expenditure is necessitated by traffic growth or user demands.

Has the need to adjust the previous FAC's pricing legacy been fully accommodated? Has the price monitoring regime promoted efficient investment and facilitated commercially negotiated outcomes? How would it compare relative to counterfactuals of explicit price regulation, or no regulation? Does the information emerging from the price monitoring process assist commercial negotiations between airports and their customers?

Only Gold Coast Airport has been under QAL's management since privatisation in 1998 however given its growth over that period it stands as a good case study of the benefits that can be derived from operating outside the constraints of a regulatory regime.

It is nearly a decade since Gold Coast Airport was removed from the pricing and quality of service regime. Pricing has remained relatively stable since the 2002 change adjustments necessary to correct the FAC's shortcomings. This is the case even though the airport has now assumed full responsibility for all capital and operating costs of a totally common user facility. Under the original arrangements the airlines had responsibility for development and operation of the terminal facilities under the Domestic Terminal Leases (DTL). Gold Coast Airport was included in the self-administered quality of service monitoring regime in 2010.

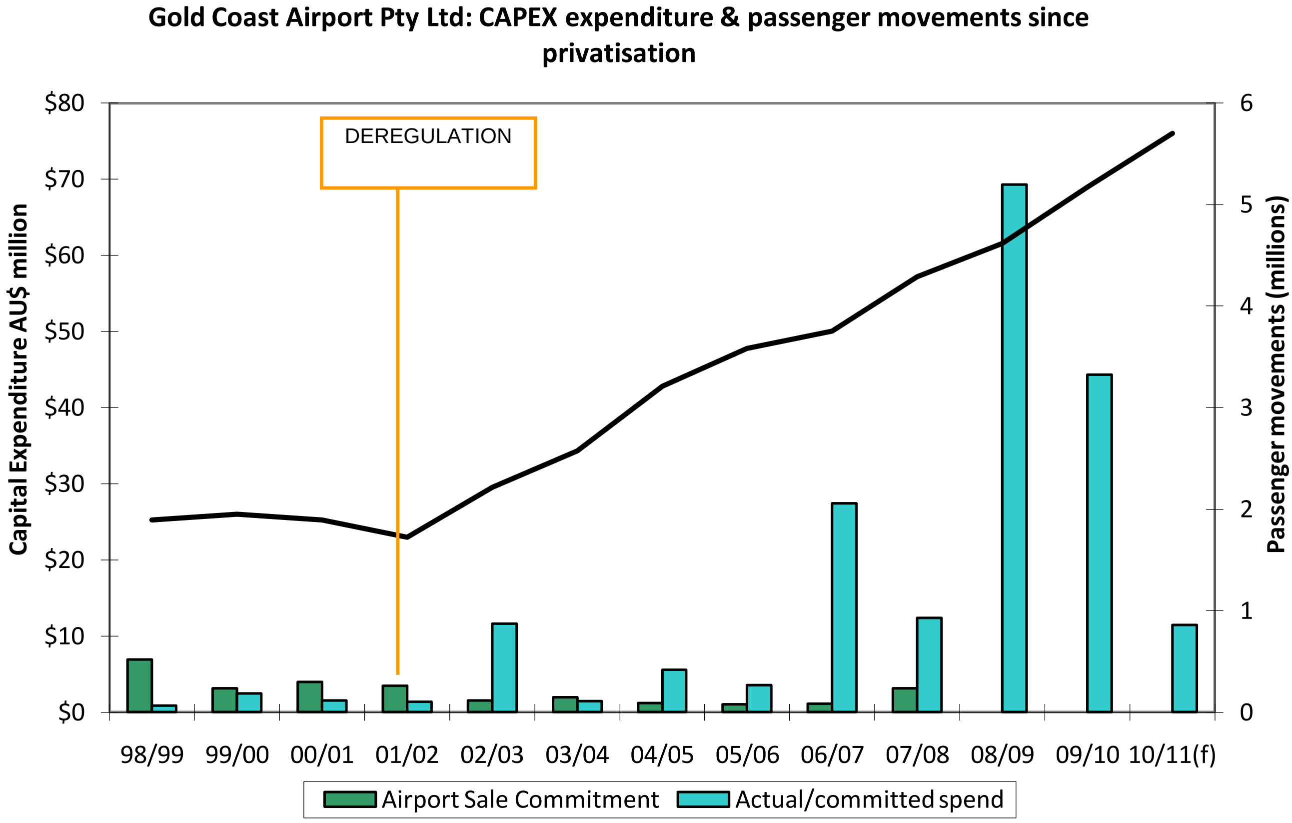
Under the original regulatory regime and with a model where the airlines had responsibility for development and operation of the terminals it proved impossible to get the parties to agree to commit capital to upgrade facilities. This led to a significant deterioration in customer service. This unsatisfactory status quo was finally broken with the demise of Ansett and the release of Gold Coast Airport from any form of price or quality of service obligations.

In the subsequent nine years, Gold Coast Airport has engaged in mutually beneficial relationships with its airline partners to facilitate the fastest growth phase of any major airport in Australia. This commercial partnership has seen Qantas negotiate release from its DTL and redevelopment of the main terminal building into a highly efficient common-user domestic-international facility. The same partnerships have fostered a co-operative approach to route development and destination marketing not evident under the pre-deregulated environment.

These investment and traffic growth outcomes were achieved in spite of the pre-eminent position of Brisbane International Airport in servicing the South-East Queensland region. The strong competition from Brisbane and the cost conscious approach to facility development espoused by the Low Cost Carriers (LCCs) attracted to Gold Coast Airport dictated that any investment in facilities was to maintain relatively low overall capital and operating costs. This outcome has been achieved whilst accommodating continued strong growth and continuous improvements to passenger facilitation.

The benefits of deregulation in improving the investment environment and growing passenger traffic to the benefit of the Gold Coast and Northern New South Wales destinations is illustrated in Figure 3.1.

Figure 3.1



This figure illustrates the financial commitments for capital expenditure made by QAL for the first ten years of the airport lease from the time of privatisation in 1998. It can be seen that under the regulated regime capital expenditure was negligible. Agreement could not be reached with the legacy airlines, Qantas and Ansett, to upgrade the facilities as their high cost operations were loss making to a leisure destination such as the Gold Coast. The removal of regulation and the freeing-up of the leased terminal space created an environment conducive to commercial negotiations with more cost-effective LCCs. This partnership model paid dividends for all concerned i.e. the destination, the airlines and the airport. This success is illustrated by the passenger growth curve achieved since deregulation shown in Figure 3.1.

Has the 'line in the sand' for asset valuations been effective or have airports, airlines or other users encountered problems with this approach? Should the line in the sand be extended to other airports? Is there a better alternative approach?

The case study for Gold Coast Airport referred to above demonstrates that there is no requirement for intervening concepts such as the 'line in the sand' for asset valuations when a true mutually beneficial commercial relationship is achieved with airline partners.

Data and methodology

How adequate are the data in the ACCC's price (and quality) monitoring reports for judging the effectiveness of the monitoring regime? Are the regulatory accounts provided by the airport operators sufficient to reveal monopoly pricing and rates of return? Are there material gaps or limitations in that data and can they be practically remedied? What other data sources should the Commission use in its assessment of the price (and quality) monitoring regime? Are the ACCC's monitoring methodologies appropriate? Is there adequate consultation with the monitored airports?

The adequacy of quality monitoring reports will be addressed later in this submission. QAL is not in a position to make commentary on the ACCC's data as it has been able to achieve satisfactory commercial outcomes in the absence of ACCC's reports that have relevance to its airports.

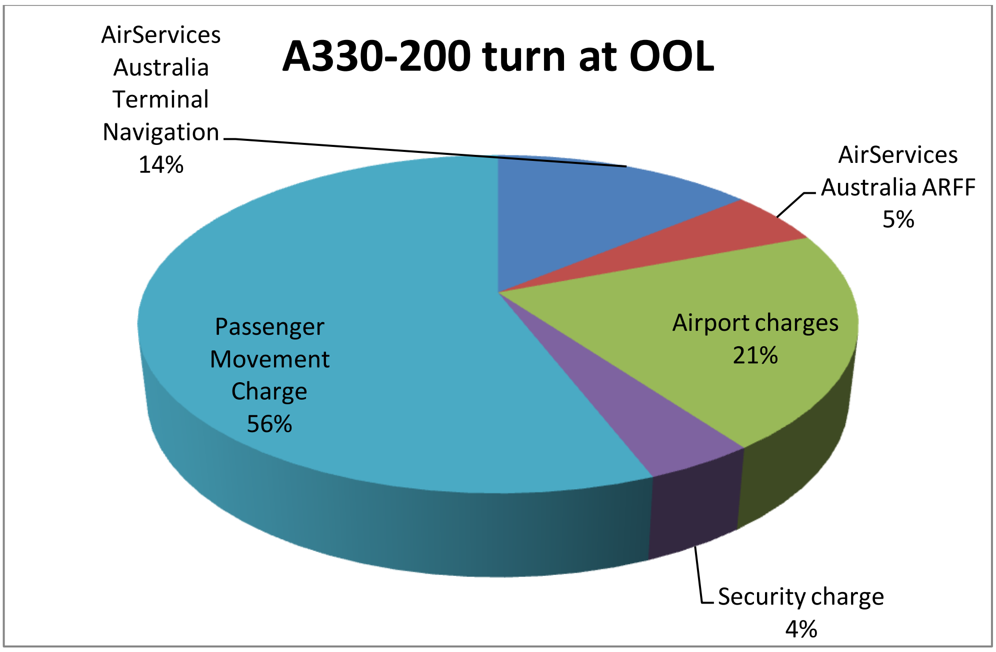
How do recent charges for aeronautical services at the price monitored airports compare with those at comparable international airports? What conclusions can be drawn from international comparisons of airport performance?

As has been highlighted in a number of other reviews it is very difficult to prepare meaningful and objective comparative metrics for aeronautical charges internationally. For example, US Airports benefit from grants from a passenger levy imposed nationally by the FAA.

In the case of Gold Coast Airport, costs must be kept competitive with Brisbane to attract and retain LCCs. Many of the costs which impact on Gold Coast's competitiveness, particularly for the international operation, are outside the control of the airport. In its case, the government mandated or imposed charges for international passengers exceed those levied by the airport for airport facilities.

This division of costs per passenger for an international service at Gold Coast Airport is illustrated in Figure 3.2.

Figure 3.2



In attracting additional services Gold Coast Airport must counter-balance the lower Air Services Australia (AsA) charges and greater economies of scale at Brisbane International Airport and the competitive of Ballina Airport which has no AsA charges. This inherent cost disadvantage must be met with optimal capital programs, more efficient airport services and faster turnaround times (critical for LCC operations).

Whilst airport specific charges have remained relatively constant at 4% of airline operating costs, the increasingly frequent imposition of primitive levies by government are beginning to impact on the travelling behaviour of consumers. The current situation in relation to charges imposed on departure from UK airports is undoubtedly impacting on visitation to long haul destinations such as Australia.

Compliance costs

What are the compliance and administration costs associated with fulfilling the regulatory obligations imposed by the price and service quality monitoring system?

QAL has only had experience with the ACCC compliance regime from 1998 until 2002 but has followed closely the reports generated by monitored airports since that date. Such regulatory obligations have a disproportionate impact on smaller airports. QAL airports, even prior to the imposition of the self monitored regime, undertook quality of service surveys and publicised its aeronautical charges. In QAL's case the reimposition of monitoring as currently followed by the five major airports would be a significant redirection of resources for no real public benefit. It will be demonstrated later in this submission that the current practices adopted by QAL in this regard are more beneficial for the airport user.

<u>Car park price monitoring</u>

On-site parking alternatives

What percentage of passengers use the airport's car park facilities? What is the level of competition from other sources of transport? Are off-site car parks a real source of competition to the airport car parks? Is there evidence that airports are influencing the level of competition from alternative transport modes?

The uptake of different transport modes varies from airport to airport. Townsville Airport for instance generates approximately 50% origin and 50% destination traffic. Much of the inbound traffic is business related and use of rental cars and taxis is relatively high. As a consequence of significant investment in car parking and the relatively short travel distances average car park occupancy is 56%.

Townsville airport facilitates both on-airport and off-airport rental car operators and has worked co-operatively with taxi operators to improve the level of service to customers. There is no public transport operations and as there is no demand there are no off-airport car parking operators. Townsville Airport does not impose any limitations on off-airport operators.

Gold Coast Airport passenger mix is 70% inbound and 30% outbound. As such, demand for car parking is generally lower than for other airports handling a similar number of passengers. Gold

Coast Airport has considerable competition for transport to and from the airport. It has worked closely with Gold Coast Tourism, Gold Coast City Council and Translink to develop a network of scheduled bus services from the airport to Gold Coast population centres and heavy rail stations. These services have been subsidised by Gold Coast City Council and are essential if Gold Coast Airport is to maintain its competitive cost advantage against Brisbane Airport.

The existence of 'Air Train' heavy rail system to Brisbane Airport heightens this competitive situation. This service is also heavily promoted in the Gold Coast region targeting local Gold Coast residents. For example Air Train utilises power pole banner advertising in the streets adjacent to Gold Coast Airport.

There is an extremely high level of competition at Gold Coast Airport for various transport modes. This can be illustrated by the significant number of transportation businesses. They include:

- 92 shuttle bus and courtesy coach operators
- 51 limousine operators
- 22 off-airport car rental operators
- 6 on-airport car rental concessions
- 5 off-airport car park operators.

This transport infrastructure services passengers travelling to destinations as far apart as Brisbane and Byron Bay.

Has the pricing behaviour of airports indicated the use of market power in car parking? Do the price increases reflect monopoly rent, locational rent (e.g accounting for the opportunity cost of alternative uses of land dedicated to car parking), or both? Are monopoly profits evident for short-term, long-term, or all forms, of parking?

From QAL's experience it is not in an airport's best interest to constrain or impose excessive costs on travel to or from an airport. This is particularly so at Gold Coast Airport where nearly all passengers use LCCs. Airport users are generally cost conscious. To attract passengers to the airport Gold Coast Airport has developed a suite of ground transport options. Gold Coast Airport currently has 2330 parking spaces spread across three locations. There is differential pricing depending on the level of service required. If the higher level of service with its higher charges is not required then a lower cost option is available. Experience to date has shown that usage of the lower cost facility is not widespread until the higher level facility is at capacity. Given the parking options and competing transport options available, customers have a wide range of choices and there is not suggestions ever raised of "monopoly pricing".

<u>Service quality monitoring</u>

How responsive have the monitored airports been to users' service needs and preferences? Are there any significant quality problems for services under the control of the airports that are not being addressed? Have necessary new investments been made in a timely fashion? How does the quality of service at the monitored airports compare with comparable international airports?

Until the recent introduction of second tier airport self service monitoring regime no QAL airports have been subject to any form of regulation related to quality of service monitoring. However in common with most commercial business enterprises our business units take pride in providing quality service to our customers. In the case of our airports at Gold Coast and Townsville this involves a regular and systematic process of customer surveys through Airports Council International's (ACI) Airport Service Quality (ASQ) program. Each of our airports have three customer focussed sub-units providing services to aeronautical, terminals and commercial, and property customers.

QAL's commitment to the ASQ program at Gold Coast and Townsville Airports precedes government imposition of the self monitoring regime. In common with more than 200 airports worldwide, the voluntary adoption of this quality management tool recognises an airports' desire to meet the needs and aspirations of its customers. In QAL's case these surveys are not an end in themselves. 34 key service metrics measured through surveys of thousands of customers is the cornerstone to a program of process and facility improvement and management incentive measures. Having reviewed the reports prepared for the five monitored airports by the ACCC, QAL finds that those reports would be of little value in the instigations of a continuous improvement process for airport customers.

Indeed a number of the metrics used would tend to work against measures of efficiency that QAL has been able to incorporate into its redeveloped facilities such as Gold Coast Airports LCC Terminal (LCCT). Absolute measures such as number of check-in counters and aerobridges do not necessarily relate to the quality of the customers experience of the efficiency of the facilities provided. The LCCT at Gold Coast provides a much better quality of service with the same number of check-in counters assembled in one common-user area than a similar number spread across three terminals. The same can be said for security check and departure lounges. In relation to aerobridges, the LCCs do not require such facilities for their customers who are very price focussed. A simple ground level terminal avoids the need for passengers to enplane and deplane from the rear door of an aircraft onto the apron and climb stairs into an aerobridge as occurs at a number of legacy terminals.

The Gold Coast LCCT focus has not been on the architectural statement of the building, but on the customer processing and accommodation facilities and the ease of way finding and walking distances. The success of the design is evident in the ASQ survey results.

How robust are the survey techniques in indicating quality of service? How useful is quality of service monitoring given the differentiation between DTLs and common user facilities, and how would this affect international comparisons?

Given QAL's holistic approach to quality of passenger experience we question the value of ACCC approach to customer service measurement. Whilst the partnerships with airlines is fundamental to the growth of our airports, the focus on the customers' experience puts a different and more useful perspective on the process. The ACCC process seems to be much more airline dependent than end user dependent.

The ACCC process is very limited and makes comparison with international peers very difficult. QAL's use of the ACI ASQ program allows direct comparison with a large number of international airports and a selected peer group of about 20 airports of similar characteristics. The use of ASQ metrics for such peer groups is valuable in determining staff KPIs – an essential ingredient if continuous improvement programs are to be embedded in airport management's psyche.

The ASQ programs has developed a flexible set of tools to assist airports in a wide variety of regimes achieve improved customer service relevant to their particular environments. Increasingly the program is being introduced in limited was to regulatory regimes in other countries.

QAL's adaption to the ASQ program has made its adaption to the self monitoring process seamless.

The ASQ's focus on the end user makes it easier to identify where particular customer concerns lie. Many of the measures are beyond the control of the airport directly. In the case of Gold Coast, even at peak periods, not all check-in counters and outwards customers processing counters provided by the airport are manned. This directly impacts on the customer experience but it is unlikely that an airline agent or a customs official will admit in a quality of service survey that they do not have sufficient resources to utilise available facilities.

Another area where the airport has no control is over air navigation facilities. In the case of Gold Coast, the fifth busiest international and sixth busiest overall airport in Australia, it is the only one of the top thirteen airports in Australia without precision landing aids. This leads to frequent missed approaches and diversions at great inconvenience to the customer who have to find their way from other airports to the Gold Coast and vice versa. Gold Coast Airport has lobbied AsA over many years over the shortcoming but passenger disruption is not part of their performance measures and such approaches to date have been unsuccessful.

The direct measurement of customer experience is a valuable tool in improving the customer experience. It also provides a valuable basis for a customer service improvement program for all service providers including airport, airlines, handling agents, government agencies and ground transport operators. The current ACCC quality of service measurement program is not conducive to implementation of such partnerships.

In the case of Gold Coast Airport, the service levels attained in a common user environment under airport leadership are vastly superior to that achieved under the DTLs a decade ago. The partnership approach has become fruitful through the ASQ results and Gold Coast Airport's recognition in national and international awards. The most recent of these were the 2011 Skytrax World Airport Award 2011 where Gold Coast received the awards for Best Regional Airport - Australia/Pacific, Staff Service Excellence - Australia/Pacific and second place for Best Airport – Australia/Pacific. These awards are based from surveys of millions of flyers worldwide.

4. FUTURE ARRANGEMENTS

Is a further period of price monitoring needed?

At a broad level, is there value in continuing the monitoring of aeronautical services and/or parking prices? Is there evidence that the current light-handed approach has not been successful in addressing market power concerns, and if so, what alternatives are available? Is both price and service quality monitoring needed?

Should there be a fixed duration for any future period of price monitoring? Are further prescheduled reviews necessary?

If there is a further period of monitoring, are there opportunities to streamline arrangements to improve reporting, without compromising effectiveness? Could the number of indicators be reduced? In some areas, would more information be desirable? Do reports need to be produced annually?

QAL acknowledges that the second tier self-administered price and quality of service monitoring regime is outside the scope of this review. It is QAL's view, however, that based on experience at its airports, the light handed regulatory approach has provided some sound commercial outcomes for all direct stakeholders and significant economic and social benefits for the communities they service. The significant achievements outlined elsewhere in this submission have been attained in the absence of any externally imposed regulatory or monitoring regime. The inclusion of Gold Coast Airport into the self-administered regime generally does not require any new initiatives, simply some fine tuning of communications processes. It is QAL's view that airports, as most other enterprises, strive to be commercially successful and good corporate citizens. This determines that customer needs must be understood and fulfilled as is the case with community expectations. QAL feels it has achieved these outcomes outside of the regulatory sphere and is of the view that airports can co-exist with all stakeholders within the regulatory framework imposed generally on Australian businesses.

Market power

Have there been changes in the overall market power enjoyed by any of the price monitored airports and if so why? For example, do Avalon and Gold Coast airports materially reduce the market power of Melbourne and Brisbane Airports?

Gold Coast Airport has always been conscious of the presence of Brisbane Airport as the major airport servicing South East Queensland. Traditionally many visitors to the Gold Coast arrived via Brisbane Airport. Its residual competitive advantages of economies of scale and much better connectivity to national and international markets were enhanced in the early 2000's because of;

- The introduction of Air Train services from Brisbane Airport to the Gold Coast
- The completion of the M1 Motorway from Brisbane to the Gold Coast
- Virgin Blue's establishment of Brisbane as its headquarters (now Virgin Australia).

Prior to the removal of regulation in 2002, Qantas and Ansett were slowly running down capacity to and from the Gold Coast and Impulse and Virgin Blue's low cost operations into Brisbane were attractive to leisure visitors to the Gold Coast. To service this competitive environment Gold Coast Airport implemented a differentiation strategy based on the specific needs of low cost carriers. The significant investment in airfield and terminal infrastructure and innovative marketing campaigns paid dividends and significant growth ensued. Gold Coast Airport rapidly regained much of is lost capacity and went on to experience strong growth based on the leisure market focus over the next decade. The constant threat of competition from Brisbane (and to a lesser extent Ballina), with its economies of scale and lower unit costs require a vigorous cost control strategy at Gold Coast Airport charges must be kept as low as possible through innovative design of efficient airport facilities. Quick turnaround times are important to LCCs and this is a competitive advantage achieved at Gold Coast.

Gold Coast Airport constantly reviews all airline operating costs and has facilitated competitive ground handling services and is active in ensuring Air Services costs are appropriate.

Overall, passenger costs are maintained at a competitive level with lower car parking costs and low cost public transport options.

LCCs are rigorous in pursuing lowest cost option and frequently use the option of moving services to Brisbane as a negotiating point. Brisbane Airport's recent investment in LCC terminal facilities has enhanced the competitive position between the two airports.

In another example of airport competition in a very different environment it is interesting to study the case of Mount Isa and Cloncurry. Mount Isa is the main airport servicing Queensland's North West Mineral province. Mount Isa Airport was required to invest heavily in facilities and resources to meet the new requirements for passenger and checked bag screening. With such a small traffic base funding the enhanced security needs put a significant cost impact on passengers. To avoid this cost some airlines chose to reroute their services through Cloncurry where no such requirements were mandated.

What are the constraints on the airports' market power? Do the airlines have countervailing power in dealing with the airports, especially smaller airports?

From QAL's experience it is difficult for smaller airports to exercise any market power. Whilst our largest airport, Gold Coast, has had to compete as discussed above our smaller airports at Mount Isa and Townsville whilst to some extent these airports may be seen as monopoly providers in their regions the reality is they are generally heavily dependent on one or two airlines. These airports have had experience where the airline dictates what it will pay. The airports are heavily constrained as is often no alternative carrier and airport lease conditions make it extremely difficult to deny access to an airport for non-payment even if the airport had the will to do so.

If monitoring was to continue, should some airports be removed from, or added to, the list of monitored airports? If airports are removed, would the second tier self administered scheme, or some other web-based self-reporting regime for the major airports, suffice?

Are the definitions of aeronautical services appropriate in reflecting market power in particular services? Should some services be excluded or others included? What is the market power of the major airports in relation to car parking prices?

QAL has endeavoured to demonstrate that freedom from regulation and a fully commercial environment is conducive to achieving good outcomes for all stakeholders including airlines, airport, the travelling public, tourism industry and local communities.

Deterrent and remedies

Is the existing range of remedies effective in deterring misuse of market power? Are these remedies effective 'punishment' for misuse of market power?

What impact does the lack of a 'show cause' process have on ensuring appropriate pricing and investment outcomes for aeronautical services? Is there a better approach to developing a 'show cause' process or an alternative trigger process? Would there be benefits in a requirement for independent commercial arbitration and if so, how could this be effected? Are there any public interest reasons for such arbitration to be conducted by the ACCC?

Do concerns about the potentially adverse effects of more heavy handed price regulation on investment militate against its reintroduction?

QAL again contends that, at least for second tier and regional airports, there is little need for anything but light handed regulation. The light hand environment has given our airports and its users the capacity to come to mutually agreeable investment and charging outcomes for the benefit of all concerned.

5. AIRPORT PLANNING REGULATION AND TRANSPORT

Transport linkages to airports

The terms of reference request the Commission to focus on the provision of passenger transport services at and surrounding main passenger airports operating in Australia's major cities. Which major cities should the Commission focus on — those housing the five price and service monitored airports, all capital cities or some other combination?

Ground transportation links between airports and the destinations or origins they service are integral components of the end user, airport customers' travel needs. Airports around the world, Australia included, fully understand the need for connectivity and see their airports as transit centres. It would be at the airport's commercial peril to ignore these needs. Indeed most airports see such links as a competitive advantage. In Australia Sydney and Brisbane Airport have facilitated heavy rail links whilst Gold Coast has encouraged establishment of regular public transport bus services whilst working with state and local authorities on the planning of connections to light and heavy rail networks. Government should only be concerned with those airports that clearly demonstrate they are not encouraging regular and affordable transport options.

Should potential links between airports (such as Canberra and Sydney or Melbourne and Avalon) be examined?

The examination of such links in regional and national planning strategies should be encouraged as part of routine strategic infrastructure planning initiatives. It is not appropriate to undertake a limited study in the context of simply airport connections in isolation from broader transport network plans.

Are planning and development regulations working effectively? Can 'excessive' or 'inappropriate' economic development at airports impinge on effective transport linkages to and from airports, or might such development facilitate better transport linkages?

There have been some examples where rapid development of aeronautical and non-aeronautical development on airports has caused short term traffic congestion. In most cases long term solutions are being put in place. To make mass public transport links viable connections must be between activity centres of an appropriate size. It is essential that airports focus on the transit oriented development (TOD) concept integrated with regional transport links. In some cases the non aviation activities can be instrumental in achievement of the scale necessary to sustain such services.

What mechanisms exist at airports to coordinate with local and state governments on planning issues? Can more be done by airports and governments to better coordinate planning of transport options? Will recent changes to legislation to impose additional requirements on airport Master Plans (such as ground transport plans) help to alleviate past problems?

QAL works with state and local authorities to ensure that the current and long term land transport needs of its users are catered for. For instance Gold Coast Airport has worked closely with Queensland Government and has long term transport linkage included in such planning initiatives as the South East Queensland Infrastructure Plan and the South East Queensland Regional Plan. Heavy and light rail corridors have been a feature of the airport's master plans since privatisation.

What transport options exist at the major airports in Australia? Are these reliable, frequent and cost effective services? Are they integrated into the suburban transport network? To what extent are they used relative to private cars? Is there evidence that land transport service providers (such as taxis, shuttles, off-airport car parking providers) are impeded unduly in gaining access to airports? Are charges and conditions of access to airports (e.g convenient pick-up and drop-off points) appropriate? Is there a need to monitor such terms and conditions?

Gold Coast Airport worked closely with Gold Coast Tourism, Gold Coast City Council and Translink to establish regular public transport linkages between the major population modes and rail transport terminal with the airport. To encourage this Gold Coast City Council and Translink subsidised trials until permanent services proved viable.

Regular direct services were discontinued some years ago because of poor patronage. Now, however, because of the significant growth of the airport traffic, increased on-site employment and non-aviation developments such as Southern Cross University, these services are viable.

It is much more challenging to facilitate regular transport links with the smaller airports because of the lack of scale of potential patronage.